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7 **BOARD OF EQUALIZATION**  
8 **STATE OF CALIFORNIA**

10 In the Matter of the Appeal of: ) **HEARING SUMMARY**  
11 ) **PERSONAL INCOME TAX APPEAL**  
12 **DENNIS LEVINE AND DAWN LEVINE<sup>1</sup>** ) Case No. 529697

<u>Year</u>	<u>Claim for Refund</u>
2007	\$4,024.96 <sup>2</sup>

17 Representing the Parties:

19 For Appellant: Dennis LeVine  
20 For Franchise Tax Board: Leah McElhatton, Graduate Legal Assistant

22 QUESTIONS: (1) Whether appellants have shown reasonable cause for the abatement of the late  
23 filing penalty;  
24 (2) Whether appellants have demonstrated that reasonable cause exists for the  
25 abatement of the failure to file upon demand penalty; and

27 <sup>1</sup> Appellants reside in Los Angeles County.

28 <sup>2</sup> This amount consists of a late filing penalty of \$1,983.00, a failure to file upon demand penalty of \$1,983.00, and an underpayment of estimated tax penalty of \$58.96.

1 (3) Whether appellants have shown that the underpayment of estimated tax penalty  
2 should be waived.

3 HEARING SUMMARY

4 Background

5 Appellants did not file a timely 2007 California return and respondent received  
6 information indicating appellant-husband may have a filing requirement. Specifically, information  
7 provided on Internal Revenue Service (IRS) Form 1099s disclosed that appellant-husband received  
8 interest, dividends, and miscellaneous income during 2007, totaling \$127,137, from Countrywide Home  
9 Loans, National Financial Services, Morgan Stanley, Harley-Davidson Inc., Thrift Savings Plan, and  
10 South Bay Brokers, Inc. (Respondent's Opening Brief (Resp. Op. Br.), Ex. B, p. 2.)

11 Thereafter, respondent mailed a Demand for Tax Return (Demand) to appellant-husband  
12 demanding that he file a 2007 return or explain why a 2007 return was not required. (Resp. Op. Br., Ex.  
13 A.) Respondent received no response from appellant-husband by the due date of February 25, 2009.  
14 (Resp. Op. Br., p. 1.) Subsequently, respondent issued a Notice of Proposed Assessment (NPA) on  
15 March 30, 2009.<sup>3</sup> (Resp. Op. Br., Ex. B.) The NPA estimated appellant-husband's taxable income at  
16 \$123,621.00, and imposed a late filing penalty of \$2,302.00, a failure to file upon demand (demand)  
17 penalty of \$2,302.00, interest of \$760.60, and a filing enforcement fee of \$119.00. (*Id.*) Respondent  
18 states that it did not receive a protest from appellant-husband and the penalties were finalized following  
19 the lapse of the 60-day protest period. (Resp. Op. Br., p. 2.)

20 Appellants subsequently filed their 2007 return on April 15, 2009, claiming married filing  
21 joint filing status. (Resp. Op. Br., Ex. C.) On the return, appellants reported federal adjusted gross  
22 income of \$312,666, California adjustments (subtractions) of \$94, California itemized deductions of  
23 \$168,904, taxable income of \$143,668, and a tax liability of \$7,932. (*Id.*) Upon review, respondent  
24 accepted appellants' filing status and self-assessed tax liability. (Resp. Op. Br., p. 2.) Based on  
25 appellants' self-assessed tax liability, respondent reduced the late filing penalty and demand penalty  
26

27  
28 <sup>3</sup> Respondent issued the Demand and NPA to appellant-husband because he was the source of the income reported to  
respondent. Once appellants filed a joint return, all notices were sent to both spouses jointly. This appeal was filed by both  
spouses.

1 from \$2,302 to \$1,983 each. (*Id.*) Respondent imposed the underpayment of estimated tax penalty  
2 because appellants did not make estimated tax payments and did not have withholding during 2007  
3 while they reported a tax liability of \$7,932 on their 2007 return. (*Id.*) Respondent sent a Return  
4 Information Notice to appellants on or about May 21, 2009, reflecting these adjustments. (*Id.*) On  
5 May 26, 2009, respondent received full payment of the liability from appellants. (*Id.*)

6 Appellants filed a claim for refund on or about June 11, 2009, requesting abatement of all  
7 penalties because appellant-wife closed her business in 2007 and suffered an abscess on the brain which  
8 required surgery. (Resp. Op. Br., Ex. D.) Appellants state that this illness delayed their retrieval of  
9 documents because appellant-wife was responsible for those business records. (*Id.*) In addition,  
10 appellants state that appellant-husband is required to travel outside the United States for his work which  
11 created lag time between finding the documents and responding to their tax preparer. (*Id.*) Appellants  
12 also state that their current financial situation is stressed and appellants have not requested abatement of  
13 penalties in the past. (*Id.*) Appellants also state appellant-husband was deployed to Afghanistan in July  
14 2009 to serve the country with the Department of Defense. (*Id.*)

15 Respondent denied the claim for refund because appellants had not shown reasonable  
16 cause existed to abate the late filing penalty or the demand penalty. (Resp. Op. Br., Ex. E.) Also,  
17 respondent asserted that appellants had not shown they meet the exceptions for cancellation of the  
18 estimated tax penalty. (Resp. Op. Br., Ex. E.) Respondent also noted that while it requested  
19 substantiation of appellant-wife's illness on September 9, 2009, appellants had not provided such  
20 documentation. (Resp. Op. Br., Ex. E.)

21 Appellant then filed this timely appeal.

## 22 Contentions

### 23 Appellants

24 In appellant's appeal letter, they contend that reasonable cause exists for abatement of the  
25 penalties because appellant-wife was diagnosed with a life-threatening abscess on the brain which  
26 required emergency surgery and rehabilitation lasting over a year. (Appeal Letter, pp. 1-2.) Appellants  
27 state that after the surgery, appellant-wife had a shunt installed in her arm and was required to visit the  
28 hospital twice daily for treatment by an infectious disease doctor for a year. (*Id.*) When she recovered

1 from the surgery, appellant-wife was unable to walk without assistance. (*Id.*) In addition, appellant-  
2 wife's speech was limited and she was unable to feed herself. (*Id.*) Appellants state that they had a  
3 nurse, occupational therapist, and a physical therapist visit their house on a daily basis. (*Id.*) Appellants  
4 state their situation was further complicated by their recently opened small business, which appellant-  
5 wife operated, and caring for their two young children. (*Id.*) Appellants state that appellant-husband  
6 was forced to close his business to operate his wife's business because of her illness. (*Id.*)

7 In support of these contentions, appellants provided two doctor's notes describing  
8 appellant-wife's condition. The first note, dated February 12, 2010, indicates appellant-wife was under  
9 the care of Dr. James Ding, M.D. from August 18, 2004 to December 3, 2004, for a brain abscess which  
10 required surgical drainage and prolonged antibiotics. (Appeal Letter, Attachment 1.) The note also  
11 states that during this time, appellant-wife was not able to tend to her affairs and requests any penalty  
12 that may have accrued during her illness be waived. (*Id.*) The second note, dated March 31, 2010,  
13 states that due to brain surgery, appellant-wife was unable to do tax forms. (Appeal Letter, Attachment  
14 2.)

15 Appellants assert that respondent's characterization of appellant-wife's condition as an  
16 "illness" demonstrates respondent's profound misunderstanding of the facts and the gravity of the  
17 situation. (Appellants' Reply Brief (App. 1st Reply Br.), pp. 1-2.) Appellants state that they attempted  
18 to obtain additional letters from two other physicians who operated on appellant-wife but due to legal  
19 issues, the two physicians declined to provide the letters without a subpoena. (*Id.*) Appellants state that  
20 the necessary brain surgery and accompanying complications, including long term neurological  
21 problems, loss of memory, partial loss of speech, continual testing for infection, as well as physical and  
22 occupational therapy and rehabilitation, constitute an ongoing medical condition during the time  
23 appellants had their tax obligations. (*Id.*) With respect to respondent's contention that appellants were  
24 able to tend to their other business affairs, appellants state that they were forced to hire employees to  
25 operate the business which resulted in the eventual loss of the business. (*Id.*)

26 Appellants maintain that the brain abscess was a medical emergency which prevented  
27 appellants from complying with their tax obligations. (App. 1st Reply Br., pp. 2-3.) Appellants argue  
28 that their "focus and attention to normal everyday life and responsibilities [were] diverted to deal with

1 real world life and death issues.” (*Id.* at p.2.) Appellants assert immediately following the surgery,  
2 appellant-husband attended to appellant-wife’s surgery-related complications and cared for their two  
3 young children. (*Id.* at p.3.) Appellants argue within this context, it is unreasonable to expect an  
4 ordinarily intelligent and prudent businessman to file a tax return and respond to anything. (*Id.*)  
5 Appellants continue to assert that appellant-wife’s brain surgery and the attendant lingering  
6 complications indicates reasonable cause existed for abatement of the penalties. (*Id.*) Appellants further  
7 contend that, in over forty years of filing tax returns, appellants have never failed to file a tax return nor  
8 failed to respond to a Demand. (*Id.*)

9 Appellants provided an additional doctor’s note dated August 5, 2010, from Bruce D.  
10 Levine, D.P.M., who provided care to appellant-wife for multiple medical problems, including a partial  
11 motor and sensory deficit of her right foot and leg. (App. 1st Reply Br., Attachment.) The note also  
12 states that this deficit is a direct result of a brain abscess, subsequent brain surgery, and post-operative  
13 inflammation and scarring. (*Id.*) The note further states that the long term consequences include: neural  
14 insensitivity and numbness, altered unstable gait, and a high risk for falling with secondary injuries.  
15 (*Id.*)

16 In response to respondent’s contention that there is no causal relationship between the  
17 extended illness and the brain surgery, appellants dispute the suggestion that Dr. Levine’s letter does not  
18 show an extension of the illness from 2004 to 2008. (Appellants’ Supplemental Evidence, p. 2.)  
19 Appellants argue that this suggestion is contradicted by the medical opinion documented in the medical  
20 provider’s letter. (*Id.*) Appellants maintain that “[b]rain [s]urgery and its lingering effects clearly alter  
21 one’s life routine and support a reasonable cause determination” to abate the late filing and demand  
22 penalties. (*Id.*)

23 In appellants’ second reply brief received by the Board on November 5, 2010, appellants  
24 continue to assert the causal relationship between appellant-wife’s illness and appellants’ inability to  
25 meet their tax obligations is established by the doctors’ notes in the record. (App. 2nd Reply Br., p. 1.)  
26 Specifically, appellants assert the letter of Dr. Ding which states “[appellant-wife] was not able to tend  
27 to her affairs,” shows that even though Dr. Ding stopped treatment, appellant-wife’s medical condition  
28 continued. (*Id.*) Appellants state “Dr. Scott Tong furnished a letter that states that ‘pt. was unable to do

1 tax forms' further evidence that reasonable cause exists." (*Id.*) Appellants explain Dr. Tong was  
2 appellant-wife's primary care physician who continually treated her from the time of her brain surgery  
3 to 2010. (*Id.*) Appellants further assert that Dr. Bruce Levine's note shows that his treatment was  
4 directly related to the brain surgery and appellant-wife's condition is ongoing. (*Id.*) Appellants  
5 maintain that an ordinary person would be expected to concentrate on these medical issues rather than  
6 "'business as usual' such as bill paying, household operations and the like." (*Id.* at p. 2.) Appellants  
7 maintain that given appellant-wife's medical condition and its lingering effects, there was no willful  
8 neglect. (*Id.*) Appellants further assert that they have never failed to file a return in a timely manner in  
9 more than thirty years of filings and this one omission can only be explained by reasonable cause. (*Id.*)  
10 Appellants also attached a description and treatment of a brain abscess. (*Id.*)

11 Respondent

12 With respect to the late filing penalty, respondent contends that pursuant to R&TC  
13 section 19131, it properly imposed the penalty and appellants have not shown reasonable cause for  
14 failing to file a timely return. Citing *Wright v. Commissioner* T.C. Memo 1998-224, respondent asserts  
15 that illness will not prevent appellants from meeting their tax obligations if the illness ended before their  
16 tax obligations, or if appellants are able to continue their other business affairs despite the illness.  
17 Respondent contends that appellant-wife's illness in 2004 ended before their tax obligations in 2008 and  
18 even if the illness lasted until 2008, appellants still failed to prove that it prevented appellant-husband  
19 from timely filing a return. Respondent notes Dr. Ding's treatment for appellant-wife's condition lasted  
20 from August 18, 2004 until December 3, 2004. Dr. Ding's note further indicated that within this time  
21 period appellant-wife was not able to tend to her affairs and requests a waiver of any penalty that  
22 accrued during her illness. However, respondent asserts that reasonable cause has not been established  
23 because treatment for the illness was over three years before the filing deadline for appellants' 2007  
24 return on April 15, 2008. Furthermore, respondent cites *Watts v. Commissioner* T.C. Memo 1999-416,  
25 asserting there is no reasonable cause where, despite appellant-wife's illness, appellant-husband was still  
26 able to close his business, tend to his wife's business, and care for his two minor children. (Resp. Op.  
27 Br., pp. 2-4.)

28 With respect to the demand penalty, respondent contends that it was properly imposed

1 pursuant to R&TC 19133 and appellants have not demonstrated that reasonable cause existed for their  
2 failure to respond to respondent's Demand. Respondent contends appellants failed to file a timely 2007  
3 return after receiving a Demand as well as an NPA. In addition, respondent contends that appellants  
4 failed to timely respond to another Demand and NPA received for the 2004 tax year, which falls within  
5 the four year period before the 2007 tax year at issue.<sup>4</sup> Respondent further contends appellants have not  
6 shown that appellant-wife's illness in 2004 prevented appellant-husband from timely responding to the  
7 Demand letter in February 2009. Therefore, respondent argues appellants failed to prove causation  
8 because appellant-wife's illness ended before they failed to timely respond in 2009 and because  
9 appellant-husband was still able to continue his other business affairs in spite of appellant-wife's illness.  
10 (Resp. Op. Br., pp. 4-5.)

11 With respect to the estimated tax penalty, respondent contends pursuant to R&TC section  
12 19136, which incorporates by reference Internal Revenue Code (IRC) section 6654, the imposition of  
13 the estimated tax penalty is mandatory where there is an underpayment of estimated tax even if the full  
14 amount of the tax was paid on or before the due date of the return. Respondent contends that the  
15 underpayment of tax penalty was properly imposed because appellants made no estimated tax payments  
16 during 2007 and they had a \$7,932 tax liability on their 2007 return. Citing *Appeal of Weaver*  
17 *Equipment Co.*, 80-SBE-048, decided on May 21, 1980,<sup>5</sup> respondent contends that appellants'  
18 argument of reasonable cause is not a sufficient basis for abatement of the estimated tax penalty.  
19 Moreover, respondent contends that the exceptions to the estimated tax penalty under IRC section  
20 6654(e) do not apply in this case. (Resp. Op. Br., p.5.)

21 In respondent's reply brief, respondent maintains appellants must provide additional  
22 information proving that an extension of appellant-wife's illness in 2004 prevented both appellant-wife  
23 and appellant-husband from filing a return by April 15, 2008 and timely responding to the Demand by  
24 February 25, 2009. Respondent contends that the additional doctor's note written by Bruce Levine,  
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26 <sup>4</sup> According to respondent, it sent a Demand on December 27, 2005, requesting appellant-husband file a 2004 return by  
27 February 1, 2006. An NPA was issued on March 6, 2006. Appellants filed their 2004 return on June 20, 2006, after the due  
28 date specified in the Demand.

<sup>5</sup> Board of Equalization cases are generally available for viewing on the Board's website ([www.boe.ca.gov](http://www.boe.ca.gov)).

1 DPM and dated August 5, 2010, does not show an extension of the illness to the relevant dates of  
2 appellants' filing obligations on April 15, 2008 or responding to the Demand by February 25, 2009.  
3 (Respondent's Reply Brief, pp. 1-3.)

#### 4 Applicable Law

##### 5 Burden of Proof

6 The FTB's determination is presumed to be correct, and a taxpayer has the burden of  
7 proving error. (*Todd v. McColgan* (1949) 89 Cal.App.2d 509; *Appeal of Michael E. Myers*, 2001-SBE-  
8 001, May 31, 2001; *Appeal of Robert E. and Argentina Sorenson*, 81-SBE-005, Jan. 6, 1981.)  
9 Unsupported assertions are not sufficient to satisfy a taxpayer's burden of proof. (*Appeal of Aaron and*  
10 *Eloise Magidow*, 82-SBE-274, Nov. 17, 1982.)

##### 11 Late Filing Penalty

12 R&TC section 19131 provides that a late filing penalty shall be imposed when a taxpayer  
13 fails to file a tax return on or before its due date, unless the taxpayer establishes that the late filing was  
14 due to reasonable cause and not due to willful neglect. To establish reasonable cause, a taxpayer must  
15 show that the failure to file the return occurred despite the exercise of ordinary business care and  
16 prudence. (*Appeal of Howard G. and Mary Tons*, 79-SBE-027, Jan. 9, 1979.)

17 Illness or other personal difficulties may be considered reasonable cause in some cases.  
18 However, if the difficulties simply cause the taxpayer to sacrifice the timeliness of one aspect of the  
19 taxpayer's affairs to pursue other aspects, the taxpayer must bear the consequences of that choice.  
20 (*Appeal of William T. and Joy P. Orr*, 68-SBE-010, Feb. 5, 1968.) To show reasonable cause by reason  
21 of illness, the taxpayer must present credible and competent proof that the circumstances of the illness or  
22 other personal difficulty completely prevented the taxpayer from filing a timely return. (*Appeal of Allen*  
23 *L. and Jacqueline M. Seaman*, 75-SBE-080, Dec. 16, 1975 [no evidence that the hospitalization of  
24 taxpayer-husband prevented timely preparation and signing of the return to excuse the late filing  
25 penalty].) When a taxpayer alleges reasonable cause based on the incapacity of a taxpayer due to his  
26 illness or the illness of an immediate family member, the duration of the incapacity must approximate  
27 that of the failure to file. (*Wright v. Comm'r, supra*, citing *Hayes v. Commissioner* T.C. Memo 1967-80  
28 [Where two of the taxpayers' children were seriously ill, taxpayer-wife suffered a ruptured appendix and

1 taxpayer-husband suffered a mental and physical collapse, all of which occurred between January and  
2 June of the filing year and confined the taxpayers to California while their tax records were in Maine,  
3 there was reasonable cause to excuse a four month late filing in August].) Moreover, in such  
4 circumstances, reasonable cause requires a showing of incapacity; “selective inability” to file tax returns  
5 while attending to other responsibilities does not demonstrate reasonable cause. (*Id.*)

6 Similarly, in *Watts v. Commissioner, supra*, the taxpayers argued that they had reasonable  
7 cause to file their 1994 and 1995 returns late because taxpayer-husband’s mother and daughter had  
8 prolonged illnesses, taxpayer-husband’s sister was in a serious accident in 1994, taxpayer-husband’s  
9 mother died in 1996, and taxpayer-husband traveled extensively for his architectural business. The Tax  
10 Court held that a taxpayer’s selective inability to perform his or her tax obligations, while performing  
11 their regular business, did not excuse failure to file timely returns. It noted taxpayer-husband was  
12 actively engaged as an architect which suggested petitioners were able to file timely returns for 1994 and  
13 1995 and chose not to do so.

#### 14 Demand Penalty

15 California imposes a penalty for the failure to file a return or provide information upon  
16 the FTB’s demand to do so, unless reasonable cause prevented the taxpayer from responding to the  
17 request. (Rev. & Tax. Code, § 19133.) The penalty is computed as 25 percent of the total tax,  
18 determined without regard to timely payments or other credits. (*Appeal of Elmer R. and Barbara*  
19 *Malakoff*, 83-SBE-140, June 21, 1983; *Appeal of Frank E and Lilia Z. Hublou*, 77-SBE-102, July 26,  
20 1977.) The FTB will only impose a demand penalty if the taxpayer fails to respond to a current Demand  
21 for Tax Return and the FTB issued an NPA under the authority of R&TC section 19087, subdivision (a),  
22 after the taxpayer failed to timely respond to a Request for Tax Return or a Demand for Tax Return at  
23 any time during the four taxable years preceding the year for which the current Demand for Tax Return  
24 is being issued. (Cal. Code Regs., tit. 18, § 19133, subd. (b).)

25 The demand penalty is designed to penalize the failure of the taxpayers to respond to a  
26 notice and demand, and not the taxpayers’ failure to pay the proper tax. (*Appeal of W. L. Bryant*, 83-  
27 SBE-180, Aug. 17, 1983; *Appeal of Frank E and Lilia Z. Hublou, supra.*) The burden is on the  
28 taxpayers to prove that reasonable cause prevented them from responding to the demand. (*Appeal of*

1 *Kerry and Cheryl James*, 83-SBE-009, Jan. 3, 1983.) In order to overcome the presumed correctness of  
2 respondent's assessment of the notice and demand penalty, taxpayers must produce credible and  
3 competent evidence supporting their contentions. (*Appeal of Yvonne M. Goodwin*, 97-SBE-003,  
4 Mar. 19, 1997.) Illness or other personal difficulties may be considered reasonable cause to abate the  
5 demand penalty if the taxpayer presents credible and competent proof that it completely prevented the  
6 taxpayer from timely responding to the Demand. (*Appeal of Michael J. and Diane M. Halaburka*, 85-  
7 SBE-025, Apr. 9, 1985; *Appeal of Kerry and Cheryl James*, *supra.*)

#### 8 Underpayment of Estimated Tax Penalty

9 R&TC section 19136 incorporates by reference, for the year at issue, with certain  
10 modifications, IRC section 6654. Pursuant to IRC section 6654(c), a taxpayer is required to make  
11 estimated tax payments in four equal installments on or before April 15, June 15, and September 15, of  
12 each taxable year, and on January 15 of the following taxable year. (See Int. Rev. Code, § 6654 and  
13 Rev. & Tax. Code, § 19136.) If the taxpayer fails to make the required payments, an underpayment of  
14 estimated tax penalty is imposed. The underpayment of estimated tax penalty is mandatory pursuant to  
15 R&TC section 19136. The R&TC does not contain a reasonable cause or extenuating circumstances  
16 exception to the underpayment of estimated tax penalty. (*Appeal of Weaver Equipment Company*,  
17 *supra.*)

18 However, IRC section 6654(e)(3)(A) provides for waiver of the underpayment of  
19 estimated tax penalty if the government determines that, as a result of casualty, disaster, or other unusual  
20 circumstances, imposition of the penalty would be against equity and good conscience. IRC  
21 section 6654(e)(3)(B) provides for waiver of the penalty if the government determines that (i) the  
22 taxpayer retired after having attained age 62 or became disabled in the taxable year for which estimated  
23 payments were required to be made or in the previous taxable year; and (ii) underpayment was due to  
24 "reasonable cause."

#### 25 STAFF COMMENTS

##### 26 Late Filing Penalty

27 Appellants filed their 2007 return on April 15, 2009, one year after the due date of their  
28 2007 return. Appellants assert appellant-wife's brain surgery and recovery which began in August 2004

1 “presented an ongoing life altering and continued life threatening situation and should excuse their late  
2 filing because, in addition to dealing with appellant-wife’s condition, appellants were operating their  
3 businesses and caring for their young children. Appellants state that immediately following surgery,  
4 appellant-wife could not walk, feed herself or perform other normal daily functions and that her  
5 rehabilitation lasted over a year. The Board has held in its previous decisions, as discussed above, that  
6 to show reasonable cause due to illness, a taxpayer must provide credible and competent evidence to  
7 prove that the illness prevented the taxpayer from timely filing. At the hearing, appellants should be  
8 prepared to explain in greater detail how appellant-wife’s condition prevented both appellant-wife and  
9 appellant-husband from timely filing the 2007 return by April 15, 2008, which was more than three and  
10 a half years after the surgery, in view of the fact that appellant-husband managed their businesses and  
11 cared for their children during that time period.

#### 12 Demand Penalty

13 As with the late filing penalty, appellants argue appellant-wife’s condition constituted  
14 reasonable cause for abatement of the penalty for appellants’ failure to respond to the Demand by  
15 February 25, 2009. The Board has held in its previous decisions, as discussed above, that to show  
16 reasonable cause due to illness, a taxpayer must provide credible and competent evidence indicating that  
17 the illness prevented the taxpayer from timely responding to the Demand. At the hearing, appellants  
18 should be prepared to explain in greater detail how appellant-wife’s condition prevented both appellant-  
19 wife and appellant-husband from responding to the Demand by February 25, 2009. Appellants may  
20 wish to discuss how appellant-wife’s condition prevented appellant-husband from timely responding to  
21 the Demand by February 25, 2009, when it appears that appellant-husband managed their businesses and  
22 cared for their children during that time period.

#### 23 Estimated Tax Penalty

24 It appears that respondent properly imposed the estimated tax penalty as appellants made  
25 no estimated tax payments during 2007 and they had a \$7,932 tax liability on their 2007 return. While  
26 there is no general reasonable cause exception to the imposition of the estimated tax penalty, appellants  
27 should be prepared to discuss whether they meet any of the exceptions under IRC section 6654(e).

28 LeVine\_mt